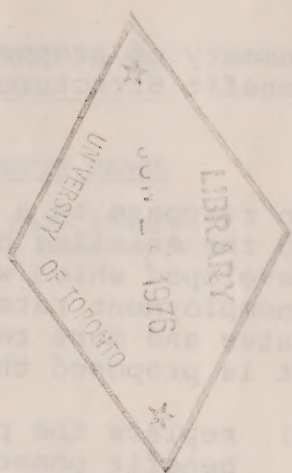


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## BACKGROUNDER

### THREE PHASE BENEFIT STRUCTURE

Summary of proposed revisions of the present Five Phase Benefit Structure of the Unemployment Insurance Program outlined during the debate of the 1976 Budget.

The Honourable Robert Andras,  
Minister of Manpower and Immigration

June 2, 1976







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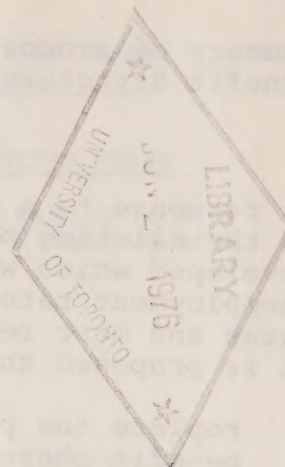
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### T H R E E   P H A S E   B E N E F I T   S T R U C T U R E

Summary of proposed revisions of the present Five Phase Benefit Structure of the Unemployment Insurance Programme.

In response to a number of problems and criticisms related to the existing benefit structure, a new structure has been developed which would be simpler, less generous at low unemployment rates and more responsive to local unemployment rates and more responsive to local unemployment conditions. It is proposed that the new benefit structure will:

- a) replace the present initial and re-established benefit phases with a single initial benefit phase
- b) retain an extended phase for longer labour force attachment
- c) replace the present national and regional extended benefit phases with a single regional extended benefit phase.

The major revision of the present 5-phase benefit structure to a 3-phase structure is proposed with the following objectives:

- a) simplicity
- b) the elimination of design inconsistencies by triggering regional extended benefits solely on the basis of the regional unemployment rate and not on difference between regional and national rates
- c) a more appropriate, progressive response to regional unemployment rate changes
- d) an increase in the incentive to work by shortening benefit entitlement particularly for short term attachment claimants
- e) the provision of extended income protection based on long labour force attachment and/or high regional unemployment, while limiting the duration of benefit entitlement in low unemployment regions and for short term labour force attachments
- f) an increase in the incentive to work by providing greater flexibility in the availability of initial benefits.



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OVERVIEW OF ENTITLEMENT SCHEDULES

ENTITLEMENT UNDER FIVE PHASE  
BENEFIT STRUCTURE

1. INITIAL BENEFIT PHASE

- 8 weeks for all claimants with 8 to 15 insured weeks
- 1 additional week for insured weeks 16 to 19 inclusive
- 15 weeks for all claimants with 20 or more insured weeks.

2. RE-ESTABLISHED INITIAL PHASE

- 10 weeks for all claimants

3. LABOUR FORCE EXTENDED PHASE

- 2 weeks for all claimants with 20 or more insured weeks
- plus 1 additional week for every two insured weeks over 20
- maximum of 18 weeks.

4. NATIONAL EXTENDED PHASE

- 0 weeks of national unemployment rate is 4% or less
- 4 weeks if national unemployment rate is 4.1% to 5.0%
- 8 weeks if national unemployment rate is 5.1% or greater.

5. REGIONAL EXTENDED PHASE

- 0 weeks if regional unemployment rate 4% or less
- 6 weeks if regional unemployment rate exceeds national unemployment rate by more than 1%
- 12 weeks if regional unemployment rate exceeds national unemployment rate by more than 2%
- 18 weeks if regional unemployment rate exceeds national unemployment rate by more than 3%.

MAXIMUM ENTITLEMENT -- ALL PHASES

- 51 weeks

ENTITLEMENT UNDER THREE PHASE  
BENEFIT STRUCTURE

1. INITIAL BENEFIT PHASE

- 1 week for each insured week up to a maximum of 25 weeks

2. LABOUR FORCE EXTENDED PHASE

- 1 week for every two weeks of attachment over 25


3. REGIONAL EXTENDED PHASE

- 2 weeks for each 0.5% that the regional unemployment rate exceeds 4.0%
- maximum of 20 weeks

MAXIMUM ENTITLEMENT -ALL PHASES

- 50 weeks





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